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SECURITY INFORMATION

22 November 1952

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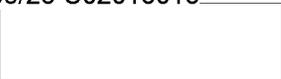
CENTRAL INTELLIGENCE AGENCY

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## GENERAL

1. Soviet UN delegates noncommittal on Indian truce proposal:

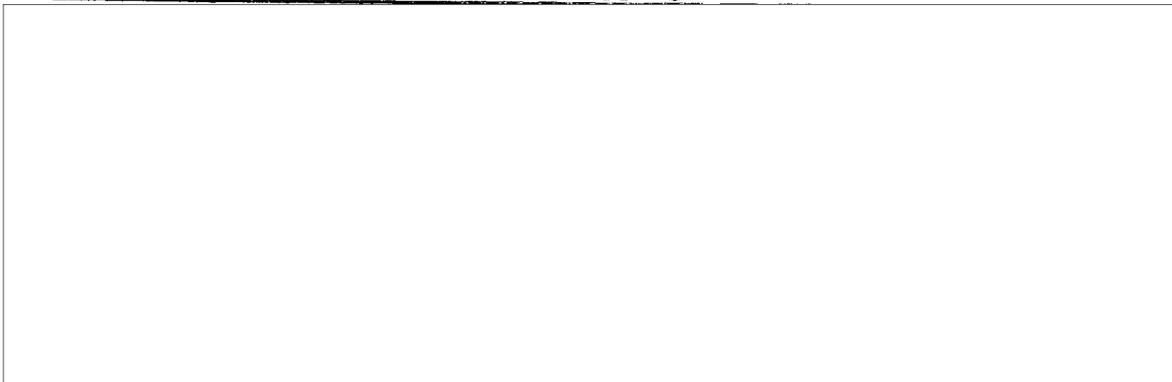
Premier Nehru told Ambassador Bowles on 19 November that Indian representatives had "several conversations" with Soviet representatives to the United Nations and "full discussions" with the Peiping regime in regard to India's Korean truce plan. Nehru stated that both the Russians and the Chinese had been "noncommittal."

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Comment: Premier Chou En-lai's statement to the Indian Ambassador in late October regarding the release of the POW's from American control is reflected in the Indian truce plan.

Soviet and Chinese Communist spokesmen suggested privately during October that a compromise on the POW issue was possible, but on 21 November Pravda attacked the Indian resolution as supporting the US position on repatriation of prisoners.

A Colombian UN delegate, who talked with Indian representatives on 20 November, reported that India planned to judge proposed amendments to its Korean plan "entirely" on the basis of their acceptability to Peiping.

2. British vessels make up half of shipping in China trade:

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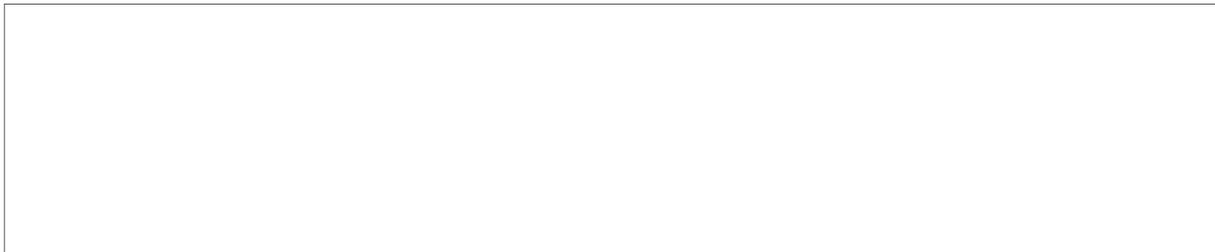
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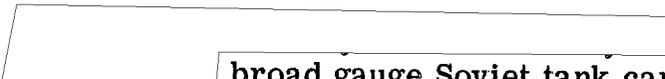
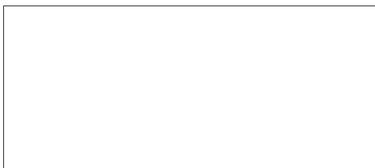
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**FAR EAST**

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**3. Broad gauge Soviet rolling stock adapted for standard gauge Chinese railroads:**



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[redacted] broad gauge Soviet tank cars and freight cars may be operating on the standard gauge Chinese rail system, thanks to a technique of respacing the wheels on their axles. It may thus be possible for Soviet supply trains to operate across Manchuria to Vladivostok without transloading at border points. From Vladivostok, supplies can move into northeast Korea by way of the recently completed rail line through Kraskino.

**Comment:**



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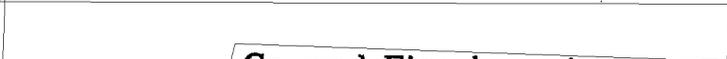
since early 1952 referring to the rental by China of Soviet rolling stock have suggested that Soviet railway cars were being adapted for use on the Chinese system. At transloading stations on their European border, the Russians occasionally replace wheels and axles to fit the gauge of the Satellite rail systems.

4.



**rearmament pressure from the US:**

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General Eisenhower's campaign proposal to replace American with South Korean troops in the front lines in Korea is an indication of the policy

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which will be pursued by the United States with respect to Japan's defense.

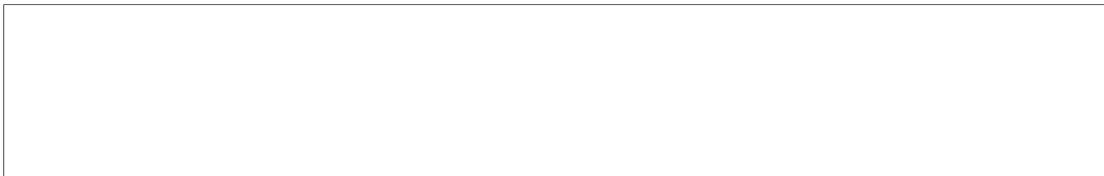
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Comment: The Japanese Government has resisted US efforts to speed up the rearmament program, maintaining that the nation's economy must be strengthened first. General Eisenhower's statement has aroused considerable discussion in the Japanese press over the possibility that the US will not only urge faster rearmament, but request the participation of Japanese forces in the Korean war.

SOUTHEAST ASIA

5. Split in Indonesian Army brings threat of civil war:



The territorial commanders of the Indonesian Army in East Java and in East Indonesia, both of whom recently declared their divisions' support for President Sukarno and

3.3(h)(2)

renounced their allegiance to army headquarters in Diakarta, have formed a military alliance, [redacted] The commanders have decided on a line, running north and south through Java, on which they will fight if forces under the Djakarta command approach or cross the line. (See map, p. 6)

3.3(h)(2)

If any action is taken against the East Indonesian army staff, it will secede from the Djakarta government and proclaim an Islamic state.

[redacted] increased guerrilla action may be expected in West Java and that the Darul Islam, an armed Moslem dissident group there, is fully prepared to take advantage of the situation.

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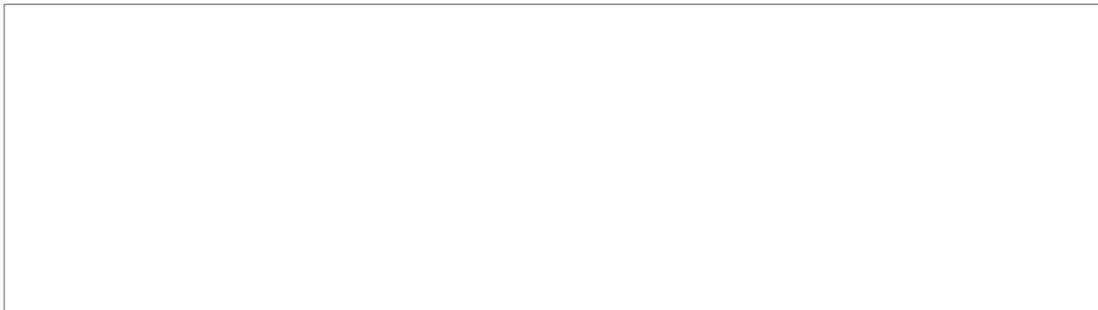
NEAR EAST - AFRICA

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7. Arabs urge Iranian cooperation in German-Israeli reparations dispute:

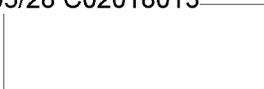


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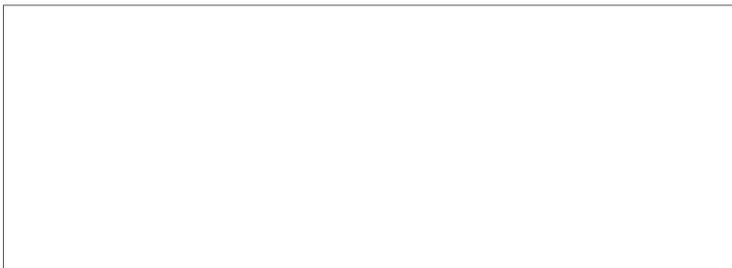
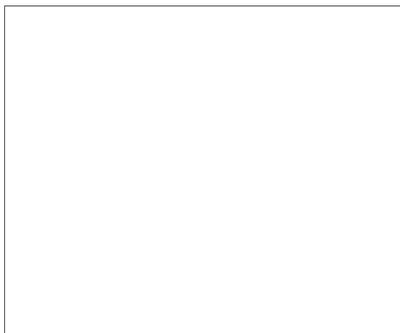
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Comment: In their present mood, the Arab governments will probably promote a maximum amount of opposition to the reparations agreement.

Iran and Germany signed agreements in June extending their current trade pact to May 1953. An Arab approach on an economic boycott of Germany would pose a difficult choice for the Iranian Government: it would be caught between a desperate need for foreign trade and its interest in maintaining Moslem unity.

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8. Arabs expect greater US support from Republican administration:



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American observers in Jordan and neighboring Arab states have noted a widespread optimism among "Arabs in all strata of society" that the change of administration in Washington portends a radical change of US policy toward Israel. Ambassador Green in Amman, in reporting this information, stated he foresees a "possibility of strong anti-American reaction in case of unalleviated disillusionment."

Comment: During the recent Arab League meetings, General Nagib indicated his belief that a personal trip to the United States to see General Eisenhower might solve the Arab dispute over the German-Israel restitution agreement. Ambassador Caffery dissuaded him from taking such a trip.

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## EASTERN EUROPE

9. Czech trial prepares way for Party Conference:

The American Embassy in Prague believes that the Moscow Party Congress decided to order the trial of the fourteen former Czech Communist leaders now in order to clear the way for the forthcoming Czech Communist Party Conference.

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The Embassy points out that while anti-Zionism is one of the major themes of the trial, the accusation against Slansky as a Zionist is no more plausible than the charge that he is a potential Tito. Slansky refused in 1948 to give any assistance to Jews emigrating from Czechoslovakia, while Premier Zapotocky was at first quite cooperative.

Comment: The Czech Government is trying to place on Slansky and his fellow defendants the blame for the shortcomings of the regime in the social and economic fields.

## WESTERN EUROPE

10. Austrian Government facing hard trade bargaining from Poles:

Polish trade negotiators are insisting that any trade agreement with Austria be conditional on delivery of strategic ball bearings. Although willing to extend the present agreement to 1 March, the Poles are currently demanding that Austria fulfill back orders for \$180,000 worth of the embargoed bearings, pay free dollars for Polish coal, and accept Polish wheat as a means of eliminating its favorable clearing balance with the Poles.

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These conditions are not acceptable to the Austrians, who consider a temporary agreement unsatisfactory.

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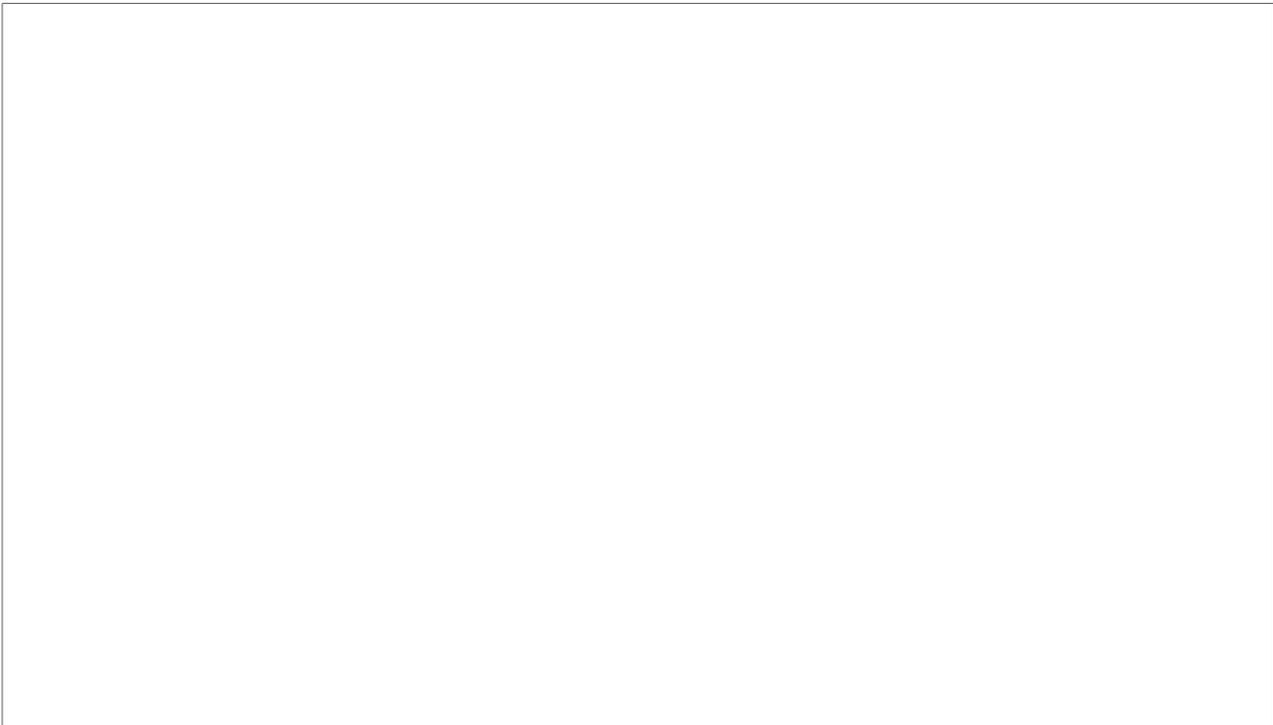
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**Comment:** Austria has previously received Battle Act exception for List I bearings required to fill back orders, provided a satisfactory agreement is signed with the Poles and the total bearing commitment does not exceed \$500, 000.

Although the Austrians have previously considered their favorable balance would be an advantage, the Poles are apparently using it as a means of thrusting unneeded goods on the Austrians.

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